



## Governor's Office of Business and Economic Development (GO-Biz)

### CALIFORNIA ECONOMY BY THE NUMBERS

- **LEADING JOB CREATION:** As of October 2013, California is a national leader in job creation with 223,900 new jobs created in the last year and 826,500 new jobs created since the recovery began in February 2010.<sup>i</sup>
- **LONGEST STREAK OF PRIVATE SECTOR GROWTH:** California employers have added jobs for 26 straight months, the longest streak in the nation.<sup>ii</sup>
- **RISING EMPLOYMENT:** The number of employed Californians grew by 3.3 percent in the last 12 months -- the largest year over year employment gain since 1990.<sup>iii</sup>
- **TOP 5 GDP GROWTH:** In terms of GDP, California's growth rate was 3.5 percent in 2012 – fifth best in the nation.<sup>iv</sup>
- **MULTIPLE NATION LEADING SECTORS:** Where other states have one or two main economic sectors, California has several -- all of which lead the nation. California is first in high tech, biotech, agriculture, entertainment, manufacturing, tourism and more.<sup>v</sup>
- **MANUFACTURING JOB INCREASE:** After ten plus years of manufacturing job losses, California posted its first back-to-back years of manufacturing job gains in 2011 & 2012.<sup>vi</sup>
- **RECORD EXPORTS:** In trade, California merchandise exports grew to \$161.7 billion in 2012 -- a record export high for the state. And while other Governors have talked big on their visits to California, what they've really done is add to our #1 tourism sector -- one that boasts over 200 million visitors in 2012 with direct travel spending of more than \$106.4 billion.<sup>vii</sup>
- **BALANCED BUDGETS IMPROVE CA CREDIT RATING:** In a landmark for the state, California ended 10 years of budget deficits as Governor Brown not only signed his third consecutive balanced budget but one that included more than a billion dollar surplus.<sup>viii</sup>
  - As a result, in March the ratings service Fitch changed the state's outlook from "stable" to "positive." In June Moody's upgraded their ratings for California's Economic Recovery Bonds. And the ratings service Standard & Poor's raised California's credit rating in January for the first time since 2006.

- **INCREASING FOREIGN INVESTMENT:** In April, Governor Brown led a trade mission to China where he announced over \$1.8 billion dollars in deals and opened a California foreign trade office in Shanghai -- the first in over a decade.<sup>ix</sup>
- **NEW BUSINESS INCENTIVES:** Earlier this year, Governor Brown enacted a new Economic Development Initiative. The initiative brought together business leaders, labor interests and legislators from both sides of the aisle to create a more flexible, more competitive set of economic development tools for California. The new economic development tools include a Sales and Use Tax Exemption for Manufacturing, Biotech and R&D equipment; a Hiring Credit, and the CA Competes Tax Credit designed to incentive companies to locate or expand in CA.<sup>x</sup>

### **CALIFORNIA RECOVERY BY INDUSTRY**

- **ACROSS THE BOARD JOB GAINS:** California's construction industry came roaring back and grew by 5.0 percent in just the last year. Leisure and Hospitality enjoyed the second largest gain in employment (4.1 percent); followed by Professional and Business Services (2.5 percent), Education and Health (1.9 percent), Financial Activities (1.9 percent) and Trade and Transportation (1.3 percent).<sup>xi</sup>
- **IT JOBS EXCEED PRE RECESSION LEVELS:** Information technology jobs have rebounded and exceeded pre-recession levels. California remains the top state for information technology jobs which drives venture capital investment, patents, innovation and ultimately the strength of our workforce.<sup>xii</sup>
  - California remains the top state for high tech employment in the 2013 edition of Tech America's report, "Cyberstates."<sup>xiii</sup>
- **NO. 1 STATE FOR MANUFACTURING:** California is by far the number one state for manufacturing jobs, firms and output – accounting for 11.7 percent of the total output, and employing 9 percent of the workforce. CA manufacturing generates \$229.9 billion, more than any other state.<sup>xiv</sup>
- **HEALTHCARE SECTOR GROWING:** California healthcare jobs maintained consistent growth through the recession, adding 27,500 jobs per year.<sup>xv</sup>
- **NATION LEADING BIOTECHNOLOGY SECTOR:** California's 2,324 biomedical companies employ 269,976 people. This industry accounts for \$115 billion in annual revenues – which is more than the annual Gross State Product of 18 U.S. states.<sup>xvi</sup>
- **SHRINKING THE SIZE OF GOVERNMENT:** California's Government Sector decreased by 0.5 percent in the last year.<sup>xvii</sup>
- **SMALL BUSINESS BACKBONE:** 3.4 million California small businesses account for 99% of the state's employers and employ 52% of the workforce.<sup>xviii</sup>

- **TOURISM INCREASED IN CA – CONTRIBUTES MORE THAN \$100 BILLION ANNUALLY :** Tourism drove more than 200 million people to visit California in 2012, which created direct travel spending of more than \$106.4 billion. The increase in tourism spending was up 3 three percent from \$101.8 billion in 2011.<sup>xi</sup>
- **AGRICULTURE:** California is the No. 1 state for agriculture revenues, with \$34.8 billion in revenue representing 12.3 percent of the U.S. total.<sup>xx</sup>
- **CLEAN TECH JOBS:** California was the top clean job-producing state with over 26,000 jobs announced from 38 projects that were tracked by E2 from more than 110,000 new clean energy jobs announced by more than 300 U.S. companies and state and local clean economy programs in 2012.<sup>xxi</sup>

### **MILESTONES AND SIGNIFICANT INITIATIVES**

- **GOVERNOR BROWN’S THIRD CONSECUTIVE AND BALANCED BUDGET:** “The budget is based on a deal struck earlier this month by Brown and fellow Democrats who control the legislature. It is the third consecutive on-time budget he has signed - a sharp contrast to the routinely late budgets during the previous decade.”<sup>xxii</sup>
- **BUDGET SURPLUS:** California ended a decade of budget deficits as Governor Jerry Brown signed a \$96.3 billion general fund budget that includes a surplus and modestly increases spending.<sup>xxiii</sup>
- **NEW BUSINESS INCENTIVES:** The Governor’s Economic Development Initiative revamps the states approach to economic development creates a more flexible, more competitive set of economic development tools for California including a Sales and Use Tax Exemption for Manufacturing, Biotech and R&D equipment; a Hiring Credit, and the CA Competes Tax Credit designed to incentive companies to locate or expand in CA.<sup>xxiv</sup>
- **CALIFORNIA OPENS FIRST FOREIGN TRADE OFFICE IN A DECADE:** In April Governor Brown led a trade mission to China that announced over \$1.8 billion dollars in deals and opened the first California foreign trade office in Shanghai in over a decade. The trade office – a public private partnership – is the first for the state since all foreign trade offices for California were shuttered in 2003.<sup>xxv</sup>
- **S&P UPGRADE:** The ratings Service Standard & Poor’s raised California’s credit rating from “A-” to “A” the long-term ratings on much of California’s bond debt. The ratings agency also raised to “A-” from BBB+ its long-term ratings on \$9.3 billion in lease revenue bonds issued for projects at the University of California system. The ratings agency’s commentary said the “upgrades reflect our view of California’s

improved fiscal condition and cash position, and the state's projections of a structurally balanced budget through at least the next several years."<sup>xxvi</sup>

- **MOODY'S UPGRADE:** Moody's Investors Service upgraded on Friday by one notch its rating on \$5.2 billion of outstanding California Economic Recovery Bonds to Aa2 from Aa3, citing two years of strong growth in the revenue used to pay the debt.<sup>xxvii</sup>
- **FITCH UPGRADE:** Fitch Changes California Outlook to Positive: The positive outlook followed a boost for California's credit rating by Standard & Poor's on Jan. 31. S&P raised the state's grade one step to A, its sixth-highest level. It was the first increase since 2006 and followed Governor Jerry Brown's budget proposal that he said would leave California with a surplus for the first time in almost a decade. He persuaded voters in November to temporarily lift income and sales taxes.<sup>xxviii</sup>
- **CONNING UPGRADE:** Conning Raises Credit Rating in Annual 2013 State Credit Quality Report. California moved from 44 to 41 in Conning's annual credit rankings, which evaluated states on employment growth, home price appreciation and number of foreclosures.<sup>xxix</sup>
- **SAMSUNG WITH TWO EXPANSIONS:** Samsung will be taking several steps towards strengthening its U.S. presence with two new facilities to be constructed in 2013. The Korean handset and chip manufacturer already has some notable presence in the Bay Area, and has big plans to expand that in the coming year. The first big move is a 1.1 million square foot building to be constructed in San Jose with its current display and semiconductor business, which will be used for SSI (Samsung Semiconductor, Inc.) R&D and sales teams. The second step will be moving the current SISA (Samsung Information Systems America) R&D Center to two new 6 story business buildings (and a 6 story parking structure) located in North San Jose. These new buildings will total about 385,000 square feet on 8.5 acres of land. The buildings are set to be finished in 2013, with full occupancy in 2014 --- Dec 29 2012 - ANDROID CENTRAL
- **GOV. BROWN SIGNS WORKER COMPENSATION REFORMS:** In September 2012, Governor Brown signed landmark legislation to reduce costs to businesses and protect workers by cutting out hundreds of millions of dollars in waste from California's workers' compensation system.<sup>xxx</sup>
- **GOV. BROWN SIGNS PENSION REFORM SAVING THE STATE BILLIONS:** In September 2012, Governor Brown signed sweeping bipartisan pension reform legislation that saves billions of taxpayer dollars by capping benefits, increasing the retirement age, stopping abusive practices and requiring state employees to pay at least half of their pension costs.<sup>xxxi</sup>
- **GOV. BROWN SIGNS LEGISLATION TO REFORM REGULATIONS:** In September 2012, Governor Brown signed SB 1099, which requires new regulations to be announced on the same day each quarter. "The National Federation of

Independent Business (NFIB) and small business owners throughout California are grateful to Governor Brown and the members of the Legislature for recognizing the importance of this bill,” said John Kabateck, NFIB/CA executive director.<sup>xxxii</sup>

- **GOV. BROWN DELIVERS PLAN TO STREAMLINE GOVERNMENT AND ALIGN ECONOMIC DEVELOPMENT FUNCTIONS:** Following through on his pledge to streamline state government, Governor Brown enacted a far-reaching reorganization that cuts the number of state agencies from 12 to 10, eliminates duplicative and unnecessary entities and consolidates those with similar roles and functions. Changes included bringing key economic development functions under the Governor’s Office of Business and Economic Development (GO-Biz), specifically: the California Infrastructure and Economic Development Bank, the Office of Tourism, the California Film Commission, the Film California First Program, and the Small Business Loan Guarantee Program.
- **GOVERNOR BROWN VOWS TO END PROP. 65 'SHAKE-DOWN' LAWSUITS:** “The governor proposed changes to limit fees for plaintiff’s attorneys, require stronger demonstrations of plaintiffs’ claims, and make the legally required signs more “useful” with specific information about the kinds of chemicals present, among other changes.”<sup>xxxiii</sup>

### **TOP HEADLINES**

- **TOP GROWTH STATE:** California’s GDP growth in 2012 was 5<sup>th</sup> best in the nation and California had the 6<sup>th</sup> fastest growing economy - based on figures published by the U.S. Bureau of Economic Analysis (BEA).<sup>xxxiv</sup>
- **NATION LEADING DECLINE IN UNEMPLOYMENT:** California’s unemployment rate decreased by 2.1% in the last year – the largest decrease of any U.S. state. California’s unemployment rate decline is over twice as large as majority of U.S. states.<sup>xxxv</sup>
- **CALIFORNIA GROWTH OUTPACES NATION:** Senior UCLA economist Jerry Nickelsburg notes the state has been one of the bright spots in the U.S. employment picture, with California consistently among the top 10 states in employment growth. For the 12 months ending in April 2013, only Utah’s employment growth rate rose faster. While the increase in California jobs has been widespread, the economy’s strength lies in the state’s technology and knowledge-laden sectors, which use technology and information more heavily, accounting for more than half the job growth.<sup>xxxvi</sup>
- **FASTEST IMPROVING AREAS:** The Labor Department released data on unemployment rates by metropolitan area, and the numbers show that California home to all 10 of the 10 metropolitan areas with the fastest-improving unemployment rates.<sup>xxxvii</sup>

- **CONSUMER CONFIDENCE INCREASING:** Forty-nine percent of registered voters said the economy is starting to improve, up 3 percentage points from the last poll in March. Just 26% said they expected the economy to worsen, down three points in the same time period.<sup>xxxviii</sup>
- **FOREIGN DIRECT INVESTMENT:** California is the No. 1 state for attracting foreign direct investment.
- **MAJOR GROWTH AREAS:** Four of the top 20 U.S. regions for job growth are in California. They include the Los Angeles-Long Beach-Santa Ana Region, San Francisco-Oakland-Fremont Region, San Diego-Carlsbad-San Marcos Region, and the Riverside-San Bernardino-Ontario Region (according to the WP Carey School at ASU). Additionally the US Census Bureau recently published the fastest growing cities by both aggregate numbers and by percentage. Several California cities show up on both categories. By Aggregate, Los Angeles was #2 and San Diego was #9 from a percentage basis, Irvine was ranked #8 at 4.21 percent.<sup>xxxix</sup>

### **AWARDS AND LISTS**

- **LEADING THE FORTUNE 500:** California is once again on top of the 2013 year's list as the state with the most Fortune 500 companies. California has 54 companies up one from the 2012 list. It is just ahead of Texas and New York both with 52.<sup>xl</sup>
- **AREA DEVELOPMENT MAGAZINE AWARDS CALIFORNIA OUR FIRST SILVER SHOVEL AWARD FOR JOB CREATION:** "Silver Shovel winner California has had remarkable success in growing high-wage jobs in recent years, which has propelled its economic output at a rate faster than the nation's as a whole for the past two decades, according to a report published by the San Francisco Federal Reserve Bank. In 2011, the most recent calendar-year results available, the state's gross domestic product was up by 2 percent, beating the national growth rate by a third. Analysts expect even greater things for the future. For example, the Anderson Forecast expects nonfarm jobs to grow by 1.4 percent this year, 2.1 percent next year, and 2.3 percent in 2015. And economists note that technological developments are likely to fuel growth well into the future in this tech-heavy state."<sup>xli</sup>
- **AREA DEVELOPMENT MAGAZINE RECOGNIZES SAMSUNG EXPANSION AS ONE OF THE BEST ECONOMIC DEVELOPMENT PROJECTS OF THE YEAR:** "The Samsung Semiconductors presence in San Jose is making a giant leap forward, thanks to a \$300 million investment that is expected to translate into 2,000 jobs where about 300 exist presently. The San Jose project is not the only Samsung investment in Silicon Valley. Also in the works is a major Mountain View project that will house Samsung Information Systems America."<sup>xlii</sup>
- **GOVERNOR BROWN RECOGNIZED AS TOP 10 'JOB CREATING GOVERNOR':** *On Numbers*, a blog from parent company American City Business Journals, ranked



U.S. governors according to their records for private-sector employment growth. Gov. Jerry Brown, who's signing a budget Thursday that assumes a fiscal surplus for the state of California, came in 10th for keeping a steady hand on the Golden State's steady economic recovery over the past three years.<sup>xliii</sup>

- **HOME TO MOST FASTEST GROWING COMPANIES:** California leads Fortune's 2012 list with 24 of the 100 Fastest Growing companies, more than double our next closest competitor Texas.<sup>xliv</sup>
- **TOP STATE FOR TRADE:** In Global Trade Magazine's 50 city ranking of US cities for Global Trade, California has two of the Top 10 cities and four of the Top 20 – more than any other state in both metrics.<sup>xlv</sup>
- **YOUNG ENTREPRENEURS:** The publication *Under30CEO* has released its annual rankings of the "Best Cities for Young Entrepreneurs" for 2013. San Francisco was ranked #2.<sup>xlvi</sup>
- **SF IS BLOOMBERG'S BEST CITY IN 2012 –** The financial magazine *Bloomberg BusinessWeek* picks San Francisco as the top city in America.<sup>xlvii</sup>

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